

February 15, 2017


Council of the City of Martinsville, Virginia held a Work Session on February 15, 2017 in Council Chambers, Municipal Building, at 5:00 PM with Mayor Gene Teague presiding. Council Members present included Gene Teague, Chad Martin, Jennifer Bowles, Sharon Brooks Hodge, and Kathy Lawson. Staff present included City Manager Leon Towarnicki, Assistant City Manager Wayne Knox, City Attorney Eric Monday, Clerk of Council Karen Roberts, Finance Director Linda Conover, and Fire Chief Ted Anderson.

Mayor Teague called the meeting to order.

City Manager Towarnicki provided a pre-budget packet detailing session objectives to review the FY18 revenue projections, how reductions may affect various departments, services, revenue sources and the council's position regarding budget impacts to school funding, services, public safety, etc. Looking at revenue from traditional sources, revenue has been flat the past several years, meaning there has been no significant growth and averages \$27,200,000. \$614,000 was awarded to the schools recently, which affected the fund balance. The City has \$900,000 more in cash reserve policies than required to have. Looking at the FY17 budget, water/sewer increased significantly from FY15. The rate increase that occurred in July 2016 will help that even more. No funds were transferred from water/sewer in FY16 or FY17 so those funds could assist with the budget in FY18. Due to a decrease in property appraisals - \$93,000 will be lost in revenue. Council Member Hodge said realistically about 40% of unpaid taxes could be collected making up for part of the deficit. Mayor Teague said it might be a good option to go after delinquent taxes more aggressively. Teague clarified for the public that Council has not agreed to any kind of tax increase. Towarnicki referred to the cigarette tax rates in local areas compared to Martinsville as well as City levies for City purposes for real estate, tangible personal property and machinery/tools. Towarnicki explained Table 1 Budget Year analysis. Hodge asked about staffing, if all City positions are required or if there are positions that can be cut or salaries decreased. Linda Conover, Finance Director said some positions were already cut last year. Towarnicki said other positions were not filled when employees retired. Teague pointed out that 20 positions had been cut from City staff in the past 8 years and the City is having a hard time finding qualified employees to fill vacant positions with the current salary offered. Hodge suggested that a salary cut be considered to accommodate budget cuts. Vice Mayor Martin asked about retiree buy-outs; Conover and Teague responded that had been done in previous years with negative results. Council Member Lawson and Council Member Hodges both agreed that they do not want to cut safety departments. Council Member Bowles does not support any cuts to the schools or safety. Martin says it is good to put information on the table to educate residents. Teague asked for input from departments explaining any implications of a budget cut before Council decides how to go forward. Hodge asks for alternative budget ideas when providing level funding for safety and schools. Lawson questioned employee raises for the upcoming year. Teague would like to see projections if everyone should participate in the budget

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reduction. Hodge and Bowles do not want cuts on Safety or Schools. Hodge would like to have two positions of the 22 City administrative positions reviewed. Martin would like to see both sets of projections. Council Members were all interested in unpaid real estate tax plus cigarette tax possibilities. Towarnicki explained that numbers are preliminary at this point and could change.

<div><div>FY18 Pre-budget Work Session</div><div>February 15, 2017</div></div>	<h3>Session Objectives</h3> <ul style="list-style-type: none">▶ Review projected FY18 revenue; methodology for determining; establish working revenue number.▶ How reductions may impact various departments, services, etc.▶ Revenue sources; tax rates, fees, etc.▶ Council's position regarding budget impacts to school funding, services, public safety, etc.	<h3>Projected FY18 Revenue</h3> <ul style="list-style-type: none">▶ Projected to be \$27,250,000 assuming equalization of real estate tax to \$1.0769. Revenue essentially unchanged from prior years.▶ Utility transfer of \$899,224 from FY16 cash & cash equivalents (see FY16 audit)▶ Utility transfer of \$1,085,415 available from projected FY17 year end.▶ Total utility transfer of \$1,984,639.▶ General Fund budget of \$29.2 million, approx. \$1 million less than FY17
<h3>How to Balance</h3> <ul style="list-style-type: none">▶ Backing out spending categories for state mandated/funded operations, contractual obligations, "hard" costs, etc., leaves approximately \$16 million of the FY17 \$30 million GF budget that can be targeted.▶ Of the \$16 million, schools & public safety comprise approximately \$13 million with the balance for general government functions.▶ Reduction of \$1 M from \$16 M is an approximate 6% reduction.▶ Capital will be funded by meals tax & possible transfer from Telecom.	<h3>Reductions – One Option</h3> <ul style="list-style-type: none">▶ Apply percentage equally▶ General Government - \$170,248▶ Community Development - \$68,583▶ Public Safety - \$366,088▶ School Transfer - \$390,766▶ Total - \$995,685▶ Ability to reduce other areas will impact these categories	
<div><p>Martinsville A CITY WITHOUT LIMITS</p><p><i>Office of the City Manager</i></p></div> <p>DATE: February 15, 2017</p> <p>TO: Honorable Mayor and City Council</p> <p>FROM: Leon Towarnicki, City Manager</p> <p>SUBJECT: FY18 Pre-budget Work Session</p> <p>As work continues on developing the FY18 budget, it is becoming very clear that FY18 will present some of the most significant challenges the City has faced in regard to aligning budgeted expenditures with available resources. In spite of the budget changes and reductions that occurred in FY17, additional changes will have to occur in FY18.</p> <p>The FY18 budget process is still in a very early stage with much work remaining to be done. As staff moves forward with budget preparation, doing so with an understanding of Council's position regarding a number of key issues will be extremely helpful and will streamline efforts. The focus of this work session will mostly be the City's General Fund - the utilities have fee/rate structures in place intended to fully recover costs and in most cases, sufficient revenue in excess of expenditures is generated to allow transfers to the General Fund.</p> <p>The objectives of the February 15 pre-budget work session are as follows:</p> <ol style="list-style-type: none">1. Review projected FY18 revenue and information related to available transfers in order to establish a working General Fund revenue amount for use in FY18 GF budgeting.2. Considering the above, review how reductions might apply to individual City departments and operations, and how those reductions might impact services. Review the City's General Fund budget in regard to expenditures that are controlled by the City compared to those the City has little or no control over.3. Review information regarding available revenue sources; how changes in taxes and fees impact revenue projections; and to determine if there is support from Council regarding any changes in taxes, fees, or rates, to generate additional revenue.4. Determine Council's position in regard to key expenditures and services, e.g. how much to allocate to Schools; Council's position regarding possible reduction or elimination of services, etc.	<h3>Projected FY18 Revenue</h3> <p>In the FY17 budget, General Fund revenue (excluding transfers) is projected to be \$27,206,837. The audits from the 5-year period of FY12 through FY16 as shown in Table 1 (after backing out \$1,215,126 in Telecom revenue included in FY16, since Telecom is accounted for separately in the City's budget) indicate the 5-year average of revenue is \$27,266,467. Assuming no changes in tax rates, fees, etc. with the exception being an equalization of the real estate tax rate to \$1.0769/\$100, the revenue target from traditional sources (excluding transfers) for FY18 is \$27,250,000. Some individual line items may be up slightly, some down slightly, but at this point in the fiscal year there is no information indicating a significant change will occur in FY18. The FY18 budget has not yet been developed and as noted, this projection is being made very early in the budget process and changes will likely be made as FY17 continues. Defining revenue at the front of the budget process allows development of the budget to occur within the framework of available resources.</p> <p>No transfer from the General Fund fund balance for FY18 is being recommended at this time. The FY17 budget anticipated a transfer of \$2,140,141 from fund balance, coupled with a projected increase in FY17 fund balance of \$600,000, to place the end-of-year FY17 GF fund balance at approximately \$2,800,000, close to the 10% General Fund reserve requirement. The recent appropriation of an additional \$614,509 to Schools along with the projected return of \$600K, now necessitates a return of over \$1.2M to fund balance simply to approximate the 10% reserve requirement. Recent audits do not provide sufficient information to indicate a growth/increase in FB of over \$1.2M will occur. Consequently, no projected use of fund balance (GF) is projected in order to allow the fund balance to increase back to the appropriate reserve level.</p> <p>The FY16 audit indicates combined asset balances in Electric, Water, Sewer, and Refuse are \$9,362,502 compared to the City's cash reserve policy requirement of \$8,463,278, resulting in \$899,224 in cash/cash reserves in excess of policy requirements. The FY16 audit shows water/sewer growing substantially which is expected, since no transfers were made in FY16. Water/sewer combined increased from \$856,318 in the FY15 audit, to \$3,592,632 in the FY16 audit, and both now exceed the minimum suggested cash reserve requirement.</p> <p>In FY17, water/sewer revenue is projected as \$8,321,512 combined. Backing out the contribution to reserve of \$1,582,378 gives projected expenses before the contribution to reserve of \$6,739,134. Using these numbers, the revenue to expense ratio of 1.234/1 can be calculated. Looking ahead to the VRA requirement of 1.15/1 for FY17 (even though sewer debt service payments do not begin in FY17), total expenses in water/sewer including any contribution to water/sewer reserve can be as high as \$7,236,097 and still meet 1.15/1. Subtracting that from revenue indicates projected revenue in the amount of \$1,085,415 is available while still maintaining both the cash reserve requirement and the 1.15/1 revenue/expense ratio. Transferring this amount still leaves (\$1,582,378 - \$1,085,415)</p> <p>2</p>	

\$496,963 as an FY17 increase to water/sewer cash reserves, which as noted already exceeds the City's policy.

Combining the two sources, \$899,224 + \$1,085,415, provides \$1,984,639 in possible FY18 utility transfers to the General Fund. Applying this full amount to the projected GF revenue of \$27,250,000, gives a target FY18 GF budget of \$29,234,639, a reduction of \$983,843 from the adopted FY17 budget of \$30,218,482. Overall this represents a 3.26% budget reduction, however, when backing out approximately \$14 million in "fixed" expenditures (state funded/mandated operations, contractual obligations, certain costs fixed by operations) the percentage increases to 6.07% over the remaining portion of the budget.

The attached Table 1 depicts, using the FY17 adopted budget as the base budget, applying an equal percentage reduction across expenditure categories.

Available Revenue Sources

Beyond utility transfers and state/federal funds (which for all practical purposes the City has no control over), two categories – General Property Taxes and Other Local Taxes account for approximately \$15 million of the City's estimated \$27 to \$27.2 million in General Fund revenue. Revenue generated in these categories can be adjusted by rate/fee/tax changes but has remained virtually unchanged throughout the 10 year FY07 to FY16 period. Additionally, as shown on Table 7/pages 162 & 163 of the City's FY16 audit, actual revenue from all sources has declined by approximately \$400,000 comparing FY16 to FY07.

The information below lists the major current tax rates and the estimated revenue impact of a change in any of the rates based on actual collected FY16 amounts:

Real Property Taxes collected - \$6,537,396; rate \$1.0621 = \$61,551 per \$0.01

Personal Property collected - \$740,086; rate \$2.30 = \$3,218 per \$ 0.01

Business Eq collected - \$807,498; rate \$2.30 = \$3511 per \$0.01

M & T collected - \$176,656; rate \$1.85 = \$955 per \$0.01

Cigarette Tax - \$150,776, rate \$0.20/pack = \$7,539 per \$0.01

Meals Tax - \$1,717,249, rate 6.5%, \$132,096 (annual) per 0.5%

Determination of Budget Priorities

As we move through the budget process, there are several key elements that greatly impact how the budget is developed, including but not limited to:

- School Funding – level fund, reduce, or increase.
- Elimination of Services - In previous years, elimination of programs/services has been discussed.
- Budget reductions and the impact on public safety.

Information and guidance provided early in the budget process will allow development of the FY18 budget in a manner that aligns with the direction established by City Council.

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2018 Budget Year Analysis - Table 1

SUBGROUP	DEPT DESC	2017 Approved	Fixed/Hard Costs	Description	Reduction
GENERAL FUND	CITY COUNCIL	\$37,190			6.07
	CLERK OF COUNCIL	\$4,114			
	CITY ATTORNEY	\$96,798			
	CITY MANAGER	\$253,943			
	ASSISTANT CITY MANAGER	\$16,628			
	LEGAL SERVICES	\$10,200			
	HUMAN RESOURCES	\$228,696			
	EMPLOYMENT SRV/DEV/REC	\$427,778			
	COMMUNICATIONS	\$24,730			
GENERAL FUND Total		\$1,100,077			\$825,077 \$ 50,082
GENERAL GOVT	ACCOUNTING	\$167,710			
	ASSESSOR	\$7,450			
	CENTRAL GARAGE	\$451,495			
	CITY HALL OPERATIONS	\$704,808	\$	400,000 Maint/Utilities	
	COMPREHENSIVE SERVICES	\$150,000	\$	150,000 Req'd Support	
	CONTINGENCIES	\$15,000			
	FINANCE DIRECTOR	\$135,722			
	GENERAL EXPENSE	\$137,710			
	HOUSING SERVICES BUILD	\$3,575			
	INDOOR PLUMBING REHAB	\$0			
	INFORMATION SERVICES	\$388,793			
	INSPECTIONS	\$196,651			
	PUBLIC HEALTH CENTER	\$0			
	PURCHASING	\$170,759			
	RISK MANAGEMENT	\$240,510	\$	240,510 Insurance	
	WAREHOUSE/GARAGE COMPL	\$126,465	\$	126,465 Maint/Utilities	
	WPBDC BUILDING	\$48,800	\$	48,800 Maint/Utilities	
GENERAL GOVT Total		\$2,945,448			\$1,979,673 \$ 120,166
HOUSING	COMMUNITY DEVELOPMENT	\$112,702			
HOUSING Total		\$112,702			\$ 6,841
COMMUNITY DEV/REC	CONTRIB TO LOCAL ORGAN	\$1,755,393	\$	1,467,793 Contractual Oblig	
	HENRY HOTEL	\$0			
	HOOVER FIELD	\$63,195			
	MISC DEVELOPMENT EXPEN	\$155,185			
	MUSTANGS BASEBALL TEAM	\$25,000	\$	25,000 Cont O	
	NAT'L GUARD READINESS	\$0			
	PARK MAINTENANCE	\$260,760			
	PARKS & RECREATION	\$98,196			
	PLANNING & ZONING	\$152,227			
	SENIOR SERVICES	\$211,119	\$	211,119 Council Restored	
	UPTOWN MASTER PLAN PHA	\$0			
COMMUNITY DEV/REC Total		\$2,721,075			\$1,017,163 \$ 61,742
ENTERPRISE	UTILITY BILLING	\$418,871	\$	418,871 Rec from Utilities	
ENTERPRISE Total		\$418,871			
PUBLIC SAFETY	EMERGENCY MEDICAL SERV	\$193,963	\$	193,963 Amb Fees Cover	

2018 Budget Year Analysis - Table 1

SUBGROUP	DEPT DESC	2017 Approved	Fixed/Hard Costs	Description	Reduction
	FIRE DEPARTMENT	\$3,025,632			6.07
	POLICE DEPT.	\$3,897,439			
	SAFETY COORDINATOR	\$105,207			
	TRANSPORTATION SAFETY	\$1,500			
PUBLIC SAFETY Total		\$6,223,741		\$6,029,778	\$ 366,008
PUBLIC WORKS	ENGINEERING	\$137,580			
	PUBLIC WORKS DIRECTOR	\$143,720			
	STREET CLEANING	\$351,194			
	STREET CONSTRUCTION (I)	\$328,924			
	STREET MAINTENANCE	\$2,337,667			
	STREET MARKING & SIGNS	\$194,099			
	THOROUGHFARE CONSTRUCT	\$0			
	TRAFFIC SIGNALS	\$358,136			
	TPTNWN MAINTENANCE	\$44,030			
	VDOT RESERVE	\$50,000			
PUBLIC WORKS Total		\$3,945,350	\$ 3,945,350	State Funded	
CONSTITUTIONAL OFFICERS	CLERK OF CIRCUIT COURT	\$406,144			
	COMMISSIONER OF REVENUE	\$447,486			
	COMMONWEALTH'S ATTORNEY	\$714,282			
	RISK MANAGEMENT	\$0			
	SHERIFF - CORRECTIONS	\$2,560,626			
	SHERIFF - COURTS	\$1,059,130			
	SHERIFF - JAIL ANNEX	\$157,985			
	TREASURER	\$286,218			
	VICTIM/WITNESS PROGRAM	\$110,296			
CONSTITUTIONAL OFFICERS Total		\$5,742,167	\$ 5,742,167	State	
STATE MANDATED	CIRCUIT COURT	\$99,387			
	ELECTORAL BOARD	\$26,429			
	GENERAL DISTRICT COURT	\$32,635			
	JUV & DOMESTIC RELATIO	\$9,475			
	PROBATION - J & DR	\$280,425			
	REGISTRAR	\$123,046			
STATE MANDATED Total		\$571,397	\$ 571,397	State	
			\$ 13,816,435	Total	
SCHOOL TRANSFER	TRANSFERS	\$6,437,654		\$6,437,654	\$ 390,766
SCHOOL TRANSFER Total		\$6,437,654			
CW CROSSING	GENERAL EXPENSE	\$0			
CW CROSSING Total		\$0			
Grand Total		\$30,218,482			\$ 995,605

	2012 Audit	2013 Audit	2014 Audit	2015 Audit	2016 Audit	2017 Projected	AVG
REVENUE	\$17,257,307	\$16,820,919	\$17,175,628	\$17,769,445	\$17,746,416	\$ 18,848,401	
COMMONWEALTH	\$ 8,699,318	\$ 8,870,660	\$ 9,150,812	\$ 8,988,494	\$ 9,138,651	\$ 8,309,936	
FEDERAL	\$ 141,411	\$ 2,061,261	\$ 1,986,979	\$ 222,667	\$ 302,369	\$ 48,500	
TOTAL	\$26,098,036	\$27,752,840	\$28,313,419	\$26,980,606	\$27,187,436	\$ 27,206,837	\$ 27,256,529
 TOTAL EXPENDITURES	 \$25,406,579	 \$30,432,254	 \$31,452,439	 \$30,776,612	 \$32,815,426	 \$ 30,242,137	
DEFICIENCY	\$ (691,460)	\$ 2,679,414	\$ 3,139,020	\$ 3,796,006	\$ 4,412,864	\$ 3,035,300	
TRANSFERS IN	\$ 3,551,950	\$ 2,534,316	\$ 4,066,013	\$ 3,339,163	\$ 4,006,564	\$ 3,035,300	
TRANSFER OUT			\$ 524,719				
NET OTHER FINANCING	\$ 3,551,950	\$ 2,534,316	\$ 3,541,294	\$ 3,339,163	\$ 4,006,564	\$ 3,035,300	
 UNASSIGNED FUND BALANCE	 \$ 4,734,167	 \$ 4,532,181	 \$ 4,568,620	 \$ 4,122,660	 \$ 4,401,718	 \$ 2,861,487	
C & CE ELECTRIC FUND	\$ 1,794,602	\$ 2,601,643	\$ 2,307,467	\$ 1,981,702	\$ 440,887	\$ 440,887	
C & CE WATER FUND	\$ 11,863	\$ 388,828	\$ 393,505	\$ 523,153	\$ 1,911,240	\$ 2,987,383	
C & CE SEWER FUND	\$ 540,223	\$ 970,233	\$ 536,109	\$ 333,165	\$ 1,681,392	\$ 2,187,627	
C& CE REFUSE	\$ 5,688,735	\$ 5,504,533	\$ 6,718,630	\$ 6,705,304	\$ 5,328,983	\$ 5,328,983	
TOTAL OF ALL	\$12,769,590	\$13,997,418	\$14,524,331	\$13,665,984	\$13,764,220	\$ 13,806,367	



LOCAL GOVERNMENT CIGARETTE TAX RATES & FEES

Most counties and cities do not have their own cigarette tax rates because they are prohibited by state law, but there are major exceptions. More than 600 local jurisdictions nationwide have their own cigarette tax rates or fees, bringing in more than \$470 million in annual revenue and working effectively to reduce smoking rates, especially among youth, and to decrease smoking-caused death, disease, and costs. The following are some examples of local jurisdictions with cigarette tax rates, listed by highest local tax rate.

City/County (Partial List)	Local Cigarette Tax (Per Pack)	State Cigarette Tax (Per Pack)	Total State + Local Tax (Per Pack)
Cook County, Illinois	\$3.00	\$1.98	\$4.98
Juneau, Alaska	\$3.00	\$2.00	\$5.00
Philadelphia, Pennsylvania	\$2.00	\$2.60	\$4.60
Sitka, Alaska	\$2.462	\$2.00	\$4.462
Anchorage, Alaska	\$2.39	\$2.00	\$4.39
Matanuska-Susitna Borough, Alaska	\$2.28	\$2.00	\$4.28
Bethel, Alaska	\$2.21	\$2.00	\$4.21
Kotzebue, Alaska	\$2.20	\$2.00	\$4.20
Petersburg, Alaska	\$2.00	\$2.00	\$4.00
New York City, New York	\$1.50	\$4.35	\$5.85
Chicago, Illinois	\$1.18	\$1.98	\$3.16
Alexandria, Virginia	\$1.15	\$0.30	\$1.45
Barrow, Alaska	\$1.00	\$2.00	\$3.00
Aniak, Alaska	\$1.00	\$2.00	\$3.00
Fairfax, Virginia	\$0.85	\$0.30	\$1.15
Newport News, Virginia	\$0.85	\$0.30	\$1.15
Hampton, Virginia	\$0.85	\$0.30	\$1.15
Falls Church, Virginia	\$0.75	\$0.30	\$1.05
Haymarket, Virginia	\$0.75	\$0.30	\$1.05
Leesburg, Virginia	\$0.75	\$0.30	\$1.05
Vienna, Virginia	\$0.75	\$0.30	\$1.05
Norfolk, Virginia	\$0.75	\$0.30	\$1.05
Herndon, Virginia	\$0.75	\$0.30	\$1.05
Suffolk, Virginia	\$0.75	\$0.30	\$1.05
Virginia Beach, Virginia	\$0.75	\$0.30	\$1.05
Purcellville, Virginia	\$0.65	\$0.30	\$0.95
Manassas, Virginia	\$0.65	\$0.30	\$0.95
Portsmouth, Virginia	\$0.60	\$0.30	\$0.90
Dumfries, Virginia	\$0.55	\$0.30	\$0.85
Charlottesville, Virginia	\$0.55	\$0.30	\$0.85
Middleburg, Virginia	\$0.55	\$0.30	\$0.85
Roanoke, Virginia	\$0.54	\$0.30	\$0.84
Chesapeake, Virginia	\$0.50	\$0.30	\$0.80
Franklin, Virginia	\$0.50	\$0.30	\$0.80
Manassas Park, Virginia	\$0.50	\$0.30	\$0.80
Evansville, Illinois	\$0.50	\$1.98	\$2.48
Salem, Virginia	\$0.45	\$0.30	\$0.75
North Pole, Alaska	\$0.41	\$2.00	\$2.41
Christiansburg, Virginia	\$0.40	\$0.30	\$0.70
Lovettsville, Virginia	\$0.40	\$0.30	\$0.70
Mount Jackson, Virginia	\$0.40	\$0.30	\$0.70
Cuyahoga County, Ohio	\$0.345	\$1.60	\$1.945
San Francisco, California	\$0.207	\$2.87	\$3.07

Sources: Orzechowski & Walker, *Tax Burden on Tobacco*, 2015; media reports; state and local tax officials.

¹ In Chicago (\$1.18 per pack), Evanston (\$0.50), and other cities in Cook County, the total state-local tax is higher.

² Regulatory fee, not tax, to pay for cigarette litter cleanup. State law prohibits San Francisco from implementing a local cigarette tax.

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The table does not list all localities with their own cigarette tax or fee. Overall, Alabama (67.5 cents per pack) has 343 cities and 54 counties with their own cigarette taxes. Not listed in the above table, Cicero, IL, has its own cigarette tax rate at 16 cents per pack. Missouri (17 cents per pack) has 128 cities and two counties. Ohio (\$1.60 per pack) has one county with its own tax. Cuyahoga County (34.5 cents per pack). Virginia (30 cents per pack) has 96 cities and two counties with their own cigarette taxes. New York City is the only locality with its own cigarette tax in New York State. Philadelphia is the only locality with its own cigarette tax in Pennsylvania. In Alaska, the taxes in Anchorage, Bethel, Sitka, Kotzebue, Petersburg and Matanuska-Susitna Borough are annually adjusted for inflation; Fairbanks' cigarette tax is 8 percent of wholesale price (about 32 cents per pack); North Pole's cigarette tax is 10 percent of the wholesale price (about 41 cents per pack); and two additional Alaskan cities, Aniak and St. Mary's, have their own cigarette tax.

The combined cigarette tax rates in the table do not include the federal cigarette tax of \$1.01 per pack or any state or local sales taxes that apply to cigarettes.

Nationally, estimated smoking-caused health costs and lost productivity totals \$19.16 per pack.

Some states prohibit localities from having their own cigarette tax rates or limit the maximum amounts.

Including all the state tax rates that are in effect as of April 1, 2017 (MN effective 1/1/17; CA effective 4/1/17), the average state cigarette tax rate is \$1.69 per pack and the highest state-only rate is New York (\$4.35 per pack). Currently, 35 states, DC, Puerto Rico, the Northern Marianas, and Guam have cigarette tax rates of \$1.00 per pack or higher; 17 states, DC, Puerto Rico, and Guam have cigarette tax rates of \$2.00 per pack or higher; eight states, Puerto Rico, and Guam have cigarette tax rates of \$3.00 per pack or higher; and one state (NY) has a cigarette tax rate more than \$4.00 per pack.

Campaign for Tobacco-Free Kids, November 17, 2016 / Ann Boonn

More information on cigarette taxes and the many public health and economic benefits from increasing them is available at http://www.tobaccofreekids.org/facts_issues/fact_sheets/policies/tax/us_state_local/.

Table 2
Rates of City Levies for City Purposes
for Tax Year 2014

CITY	Tax Rates Per \$100 of Assessed Value On:			
	Real Estate	Tangible Personal Property	Machinery and Tools	Merchants' Capital
Alexandria	\$1.043	\$4.750	\$4.500	-
Bedford *	0.530	2.430	1.300	-
Bristol	1.070	7.000	7.000	-
Buena Vista *	1.100	5.850	4.250	-
Charlottesville	0.950	4.200	4.200	-
Chesapeake **	1.050	4.080	3.200	-
Colonial Heights	1.140	3.500	2.000	-
Covington *	0.710	5.600	5.520	-
Danville *	0.730	3.000	1.500	-
Emporia	0.870	5.000	5.000	-
Fairfax *	1.040	4.130	4.130	-
Falls Church	1.305	4.840	4.840	-
Franklin *	0.960	4.500	2.000	-
Fredericksburg *	0.790	3.400	0.800	-
Galax	0.690	2.250	1.500	-
Hampton **	1.240	4.250	3.500	-
Harrisonburg *	0.690	3.500	2.120	-
Hopewell	1.110	3.500	3.050	-
Lexington *	1.030	4.250	4.250	-
Lynchburg *	1.110	3.800	3.000	-
Manassas **	1.368	3.250	2.100	-
Manassas Park *	1.550	3.500	3.500	-
Martinsville *	1.062	2.300	1.850	-
Newport News *	1.220	4.500	3.750	-
Norfolk **	1.150	4.330	4.250	-
Norton	0.800	2.050	2.050	-
Petersburg *	1.350	4.400	3.800	-
Poquoson *	1.070	4.150	4.150	-
Portsmouth *	1.270	5.000	3.000	-
Radford	0.760	2.440	1.760	-
Richmond *	1.200	3.700	2.300	-
Roanoke **	1.190	3.450	3.450	-
Salem *	1.180	3.200	3.200	-
Staunton *	0.950	2.750	1.240	-
Suffolk **	1.030	4.250	3.150	-
Virginia Beach **	0.930	3.700	0.000001	-
Waynesboro	0.800	5.000	3.000	-

Table 2
Rates of City Levies for City Purposes
for Tax Year 2014

CITY	Tax Rates Per \$100 of Assessed Value On:			
	Real Estate	Tangible Personal Property	Machinery and Tools	Merchants' Capital
Williamsburg *	0.570	3.500	3.500	-
Winchester *	0.950	4.500	1.300	-

Note: Rates above are nominal rates. TAX's assessment/sales ratio study estimates effective rates of real estate by controlling for the variance in assessment procedures across localities. The TPP, M&T, and MC rates above are general rates. Certain items of property are considered separate classifications and may be taxed at a lower tax rate. Not all localities levy these taxes on 100% of assessed value. For estimates of effective rates see Weldon Cooper's Virginia Local Tax Rates 2014.

* FY 2014-2015

** Additional district levies may apply. See Table 5 for details.

* Includes citywide mosquito control rate of 0.01 for real estate and 0.08 for TPP and M&T.

Table 16.1 Meals, Transient Occupancy, Cigarette, and Admissions Excise Taxes, 2014

Locality	Meals (Restaurant) Tax (%)	Transient Occupancy (Hotel and Motel) Tax (%)	Cigarette Tax (Per Pack)	Admissions Tax (%)
Cities (Note: All cities responded to the survey.)				
Alexandria	4.0	6.5 + \$1 per night	80¢	10.0 ^a
Bristol	6.0	6.0	N/A	N/A
Buena Vista	6.0	6.0	N/A	N/A
Charlottesville	4.0	6.0	35¢	N/A
Chesapeake	5.5	8.0	50¢ (25 cig.) 62.5¢ (30 cig.) 75¢ (30 cig.)	10.0
Colonial Heights	6.0	8.0	N/A	N/A
Covington	7.5	2.0	30¢	N/A
Danville	6.0	6.0	N/A	N/A
Emporia	6.5	10.0	N/A	N/A
Fairfax	4.0	4.0	85¢	N/A
Falls Church	4.0	7.0	75¢ (20 cig.) 93.5¢ (25 cig.) \$1.125 (30 cig.)	N/A
Franklin	6.5	8.0	60¢	N/A
Fredericksburg	6.0	6.0	31¢	6.0
Galax	7.0	6.0	N/A	N/A
Hampton	7.5	8.0	80¢	10.0
Harrisonburg	6.5	6.5	30¢	5.0
Hopewell	5.5	8.0	N/A	N/A
Lexington	5.0	6.0	N/A	N/A
Lynchburg	6.5	5.5 + \$1 per night	35¢ (20 cig.) 43.8¢ (25 cig.) 55¢ (20 cig.) 81.5¢ (25 cig.) 97.5¢ (30 cig.)	7.0
Manassas	4.0	5.0	85¢ (20 cig.) 81.5¢ (25 cig.) 97.5¢ (30 cig.)	N/A
Manassas Park	4.0	4.0	50¢	N/A
Martinsville	6.5	2.0	25¢	N/A
Newport News	7.5	8.0 + \$1 per night	85¢ (20 cig.) 106.3¢ (25 cig.) 127.5¢ (30 cig.)	7.5
Norfolk	6.5	8.0 + \$1 per night	80¢ (20 cig.) 15¢ (25 cig.)	10.0
Norton	7.0	6.0	15¢	N/A
Petersburg	6.0	6.0	10¢	5.0
Portsmouth	6.0	N/A	20¢	N/A
Pulaski	6.5	8.0	90¢	10.0
Radford	5.5	6.0	15¢	N/A
Richmond	6.0	8.0	N/A	7.0
Roanoke	5.0	7.0	54¢	5.5
Salem	6.0	8.0	15¢ (20 cig.) 18.75¢ (25 cig.) 22.5¢ (30 cig.)	5.0
Staunton	6.0	5.0	30¢	N/A
Suffolk	6.5	8.0	50¢ (20 cig.) 70¢ (20 cig.)	N/A
Virginia Beach	5.5	10.5 ^b	87¢ (25 cig.)	10.0 ^c
Waynesboro	6.0	8.0	20¢	N/A
Williamsburg	5.0	5.0	30¢	N/A
Winchester	5.0	5.0	35¢	5.0

N/A Not applicable.
^a Not to exceed \$0.50 per person.
^b For concert events.
^c Imposed in a special district (Sandbridge).
^d For participatory sporting events.

Table 16.1 Meals, Transient Occupancy, Cigarette, and Admissions Excise Taxes, 2014 (continued)

Locality	Meals (Restaurant) Tax (%)	Transient Occupancy (Hotel and Motel) Tax (%)	Cigarette Tax (Per Pack)	Admissions Tax (%)
Counties (Note: All counties responded to the survey. Those that answered "not applicable" for all items are excluded.)				
Accomack	N/A	5.0	N/A	N/A
Albemarle	4.0	5.0	N/A	N/A
Alleghany	4.0	5.0	N/A	N/A
Amherst	4.0	5.0	N/A	N/A
Appomattox	N/A	2.0	N/A	N/A
Arlington	4.0	5.0	30¢ (20 cig.) 37.5¢ (25 cig.)	N/A
Augusta	4.0	4.0	N/A	N/A
Bath	4.0	4.0	N/A	N/A
Bedford	4.0	5.0	N/A	N/A
Bland	4.0	2.0	N/A	N/A
Bolton	4.0	5.0	N/A	N/A
Brunswick	N/A	5.0	N/A	N/A
Buchanan	N/A	2.0	N/A	N/A
Buckingham	N/A	2.0	N/A	N/A
Campbell	N/A	2.0	N/A	N/A
Caroline	4.0	5.0	N/A	N/A
Carroll	4.0	5.0	N/A	N/A
Chesterfield	N/A	8.0	N/A	N/A
Clarke	N/A	2.0	N/A	N/A
Craig	4.0	5.0	N/A	N/A
Culpeper	N/A	2.0	N/A	N/A
Dickenson	2.0	5.0	N/A	N/A
Drumheller	4.0	5.0	N/A	4.0
Farfax	N/A	6.0	30¢	N/A
Fauquier	N/A	2.0	N/A	N/A
Floyd	N/A	5.0	N/A	N/A
Franklin	4.0	5.0	N/A	N/A
Frederick	4.0	2.0	N/A	N/A
Giles	N/A	2.0	N/A	N/A
Gloucester	4.0	4.0	N/A	N/A
Goodland	N/A	2.0	N/A	N/A
Groves	N/A	5.0	N/A	N/A
Greene	4.0	5.0	N/A	N/A
Greensville	4.0	5.0	N/A	N/A
Halifax	4.0	5.0	N/A	N/A
Hanover	N/A	8.0	N/A	N/A
Henrico	4.0	8.0	N/A	N/A
Henry	N/A	2.0	N/A	N/A
Highland	N/A	2.0	N/A	N/A
Islip of Wight	4.0	2.0	N/A	N/A
Jamez City	4.0	5.0	N/A	N/A
King George	4.0	5.0	N/A	N/A
King William	4.0	5.0	N/A	N/A
Lee	N/A	2.0	N/A	N/A
Loudoun	N/A	5.0	N/A	N/A
Louis	4.0	2.0	N/A	N/A
Madison	4.0	5.0	N/A	N/A
Mecklenburg	N/A	5.0	N/A	N/A
Montgomery	4.0	3.0	N/A	N/A
Nelson	4.0	5.0	N/A	N/A
New Kent	4.0	2.0	N/A	4.0
Northampton	4.0	5.0	N/A	N/A
Northway	N/A	2.0	N/A	N/A
Orange	4.0	2.0	N/A	N/A
Pager	4.0	5.0	N/A	N/A

N/A Not applicable.

Table 16.1 Meals, Transient Occupancy, Cigarette, and Admissions Excise Taxes, 2014 (continued)

Locality	Meals (Restaurant) Tax (%)	Transient Occupancy (Hotel and Motel) Tax (%)	Cigarette Tax (Per Pack)	Admissions Tax (%)
Counties (continued)				
Patrick	N/A	5.0	N/A	N/A
Pittsylvania	4.0	N/A	N/A	N/A
Prince George	4.0	5.0	N/A	N/A
Prince William	N/A	7.0	N/A	N/A
Pulaski	4.0	5.0	N/A	N/A
Rappahannock	4.0	2.0	N/A	N/A
Roanoke	4.0	7.0	N/A	5.0
Rockbridge	4.0	7.0	N/A	N/A
Rockingham	4.0	2.0	N/A	N/A
Russell	N/A	2.0	N/A	N/A
Scott	N/A	2.0	N/A	N/A
Shenandoah	N/A	2.0	N/A	N/A
Smyth	N/A	5.0	N/A	N/A
Southampton	4.0	2.0	N/A	N/A
Spotsylvania	4.0	5.0	N/A	N/A
Stafford	4.0	5.0	N/A	N/A
Sussex	N/A	2.0	N/A	N/A
Tazewell	N/A	5.0	N/A	N/A
Warren	4.0	2.0	N/A	N/A
Washington	N/A	2.0	N/A	N/A
Wise	N/A	5.0	N/A	N/A
Wythe	4.0	5.0	N/A	N/A
York	4.0	5.0	N/A	N/A
+ \$2 per night				
Towns (Note: Towns that answered "not applicable" for all items in this table are excluded. For a listing of town respondents and non-respondents, see Appendix B.)				
Abingdon	7.0	7.0	10¢	N/A
Altaville	5.5	5.5	N/A	N/A
Amherst	4.0	5.0	N/A	N/A
Appalachia	3.0	N/A	20¢	N/A
Appomattox	8.0	5.0	N/A	N/A
Ashland	5.0	7.0	22¢	N/A
Berryville	2.0	N/A	N/A	N/A
Big Stone Gap	6.0	5.0	N/A	N/A
Blacksburg	6.0	7.0	30¢ (20 cig.) 37.5¢ (25 cig.) 45¢ (30 cig.)	N/A
Blackstone	6.5	6.0	22¢ (20 cig.)	N/A
Bluefield	5.0	10¢	N/A	N/A
Boones Mill	5.0	N/A	N/A	N/A
Boynton	4.0	N/A	N/A	N/A
Bridgewater	6.0	N/A	10¢ (20 cig.) 13¢ (25 cig.) 15¢ (30 cig.)	N/A
Broadway	4.0	N/A	10¢	N/A
Brookneal	5.0	N/A	N/A	N/A
Buchanan	4.0	N/A	N/A	N/A
Cape Charles	5.0	3.0	N/A	N/A
Cedar Bluff	6.0	N/A	N/A	N/A
Charlotte Court House	5.0	N/A	N/A	N/A
Chase City	5.0	N/A	N/A	N/A
Chatham	5.0	N/A	N/A	N/A
Chilhowie	5.5	5.0	12¢	N/A
Christiansburg	7.5	9.0	40¢ (20 cig.) 50¢ (25 cig.) 60¢ (30 cig.)	N/A
Clarksville	5.0	5.5	N/A	N/A

N/A Not applicable.

Table 16.1 Meals, Transient Occupancy, Cigarette, and Admissions Excise Taxes, 2014 (continued)

Locality	Meals (Restaurant) Tax (%)	Transient Occupancy (Hotel and Motel) Tax (%)	Cigarette Tax (Per Pack)	Admissions Tax (%)
Towns (continued)				
Clifton Forge	4.5	N/A	4¢ (20 cig.) 6¢ (30 cig.)	N/A
Climbwood	6.0	5.0	10¢	N/A
Colonial Beach	5.0	5.0	30¢	N/A
Crowe	5.0	N/A	N/A	N/A
Culpeper	6.0	5.0	10¢	1.0
Danvers	7.0	7.0	10¢	N/A
Dayton	5.0	N/A	N/A	N/A
Dublin	4.0	N/A	N/A	N/A
Duffield	3.5	N/A	N/A	N/A
Dumfries	4.0	5.5 + \$1 per night	60¢	N/A
Edinburg	5.0	N/A	N/A	N/A
Farmville	7.0	7.0	N/A	N/A
Fincastle	4.0	N/A	N/A	N/A
Floyd	5.0	5.0	N/A	N/A
Front Royal	4.0	6.0	N/A	N/A
Gate City	3.5	2.0	N/A	N/A
Glade Spring	5.0	N/A	N/A	N/A
Glen Lyn	N/A	5.0	N/A	N/A
Gordonsville	5.5	N/A	10¢	N/A
Gretna	5.0	2.5	N/A	N/A
Groves	5.0	2.5	N/A	N/A
Grundy	5.0	5.0	5¢	N/A
Halifax	3.0	3.5	N/A	N/A
Hamilton	4.0	2.0	N/A	N/A
Haymarket	4.0	N/A	75¢	N/A
Hays	5.0	N/A	20¢	N/A
Hemdon	2.5	6.0	75¢	N/A
Hillsville	8.0	8.0	N/A	N/A
Honaker	7.0	N/A	10¢	N/A
Independence	5.0	5.0	N/A	N/A
Irvington	N/A	2.0	N/A	N/A
Kendrick	4.0	N/A	N/A	N/A
Keysville	5.0	N/A	N/A	N/A
Kilmarnock	5.0	8.0	30¢	N/A
Lacrosse	4.0	4.0	N/A	N/A
Lawrenceville	5.0	5.0	N/A	N/A
Lebanon	6.0	6.0	N/A	N/A
Leesburg	3.5	8.0	75¢	N/A
Louisa	5.5	1.0	N/A	N/A
Lovettsville	3.0	5.0	40¢	N/A
Luray	4.0	5.0	15¢	N/A
Madison	4.0	N/A	N/A	N/A
Marion	7.0	8.0	12¢	N/A
Mineral	5.0	5.0	N/A	N/A
Narrows	4.0	4.0	N/A	N/A
Nassawadox	4.0	N/A	N/A	N/A
New Market	5.0	5.0	15¢	N/A
Occoquan	2.0	2.0	N/A	N/A
Orangetown	4.0	4.0	N/A	N/A
Orange	8.0	5.0	12¢	N/A
Pearisburg	4.0	5.0	N/A	N/A
Pembroke	4.0	N/A	N/A	N/A
Pennington Gap	5.0	2.0	N/A	N/A
Pound	4.0	4.0	10¢	N/A

N/A Not applicable.

Table 16.1 Meals, Transient Occupancy, Cigarette, and Admissions Excise Taxes, 2014 (continued)

Locality	Meals (Restaurant) Tax (%)	Transient Occupancy (Hotel and Motel) Tax (%)	Cigarette Tax (Per Pack)	Admissions Tax (%)
Towns (continued)				
Pulaski	6.0	6.0	20¢	N/A
Purcellville	5.0	3.0	65¢	N/A
Rocky Mount	5.0	5.0	10¢	N/A
Rural Retreat	5.0	5.0	N/A	N/A
Saint Paul	5.0	5.0	5¢	N/A
Saltville	6.0	N/A	10¢	N/A
Scottsville	4.0	5.0	35¢	N/A
Smithfield	6.0	5.0	20¢	N/A
South Boston	4.0	5.5	N/A	N/A
South Hill	5.5	5.5	N/A	N/A
Stanley	4.0	4.0	15¢	N/A
Strasburg	5.0	5.0	25¢	N/A
Sunny	3.0	3.0	N/A	N/A
Tappahannock	4.0	2.0	15¢	N/A
Tazewell	7.0	5.0	10¢	N/A
Timberville	5.0	4.0	15¢	N/A
Urbanna	5.0	5.0	N/A	N/A
Victoria	4.0	N/A	75¢ (20 cig.)	N/A
Vienna	3.0	3.0	93.75¢ (25 cig.) 112.5¢ (30 cig.)	N/A
Vinton	5.0	2.0	25¢	5.0
Wachapreague	N/A	2.0	N/A	N/A
Wakefield	5.0	N/A	N/A	N/A
Warrenton	4.0	4.0	15¢	N/A
Warsaw	4.0	2.0	25¢	N/A
Waverly	5.0	N/A	N/A	N/A
West Point	4.0	N/A	N/A	N/A
White Stone	N/A	N/A	15¢	N/A
Windsor	5.0	N/A	25¢ (20 cig.)	N/A
Wise	6.0	5.0	10¢	N/A
Woodstock	5.0	5.0	25¢	N/A
Wytheville	6.0	6.0	15¢	N/A

N/A, Not applicable.

There being no further business, Council Member Bowles made a motion to adjourn the meeting; the motion was seconded by Council Member Hodge with all Council Members voting in favor. The meeting adjourned at 6:51pm.

Karen Roberts
Clerk of Council

Gene Teague
Mayor